

IC 6-3.5-6

Chapter 6. County Option Income Tax

IC 6-3.5-6-0.7

Legalization of certain ordinances by Howard County fiscal body

Sec. 0.7. An ordinance adopted by the fiscal body for Howard County that:

- (1) was adopted before April 29, 2007; and
- (2) would have been in compliance with section 28 of this chapter, as amended by P.L.224-2007, if P.L.224-2007 had been enacted before the ordinance was adopted;

is legalized and validated to the same extent as if P.L.224-2007 had been enacted before the ordinance was adopted.

As added by P.L.220-2011, SEC.147.

IC 6-3.5-6-1

Definitions

Sec. 1. As used in this chapter:

"Adjusted gross income" has the same definition that the term is given in IC 6-3-1-3.5. However, in the case of a county taxpayer who is not treated as a resident county taxpayer of a county, the term includes only adjusted gross income derived from the taxpayer's principal place of business or employment.

"Apartment complex" means real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"Civil taxing unit" means any entity, except a school corporation, that has the power to impose ad valorem property taxes. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a county in which a consolidated city is located, the consolidated city, the county, all special taxing districts, special service districts, included towns (as defined in IC 36-3-1-7), and all other political subdivisions except townships, excluded cities (as defined in IC 36-3-1-7), and school corporations shall be deemed to comprise one (1) civil taxing unit whose fiscal body is the fiscal body of the consolidated city.

"County income tax council" means a council established by section 2 of this chapter.

"County taxpayer", as it relates to a particular county, means any individual:

- (1) who resides in that county on the date specified in section 20 of this chapter; or
- (2) who maintains the taxpayer's principal place of business or employment in that county on the date specified in section 20 of this chapter and who does not reside on that same date in another county in which the county option income tax, the county adjusted income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Fiscal body" has the same definition that the term is given in IC 36-1-2-6.

"Homestead" has the meaning set forth in IC 6-1.1-12-37.

"Qualified residential property" refers to any of the following:

- (1) An apartment complex.
- (2) A homestead.
- (3) Residential rental property.

"Resident county taxpayer", as it relates to a particular county, means any county taxpayer who resides in that county on the date specified in section 20 of this chapter.

"Residential rental property" means real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of at least thirty (30) days.

"School corporation" has the same definition that the term is given in IC 6-1.1-1-16.

As added by P.L.44-1984, SEC.14. Amended by P.L.23-1986, SEC.9; P.L.22-1988, SEC.4; P.L.96-1995, SEC.3; P.L.146-2008, SEC.335.

IC 6-3.5-6-1.1

Determination of allocation amount

Sec. 1.1. (a) For purposes of allocating the certified distribution made to a county under this chapter among the civil taxing units in the county, the allocation amount for a civil taxing unit is the amount determined using the following formula:

STEP ONE: Determine the total property taxes that are first due and payable to the civil taxing unit during the calendar year of the distribution plus, for a county, an amount equal to the welfare allocation amount.

STEP TWO: Determine the sum of the following:

- (A) Amounts appropriated from property taxes to pay the principal of or interest on any debenture or other debt obligation issued after June 30, 2005, other than an obligation described in subsection (b).
- (B) Amounts appropriated from property taxes to make payments on any lease entered into after June 30, 2005, other than a lease described in subsection (c).
- (C) The proceeds of any property that are:
 - (i) received as the result of the issuance of a debt obligation described in clause (A) or a lease described in clause (B); and
 - (ii) appropriated from property taxes for any purpose other than to refund or otherwise refinance a debt obligation or lease described in subsection (b) or (c).

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the sum of:

- (A) the STEP THREE amount; plus
- (B) the civil taxing unit or school corporation's certified distribution for the previous calendar year.

The allocation amount is subject to adjustment as provided in IC 36-8-19-7.5. The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and, if the county received a certified distribution under IC 6-3.5-1.1 or this chapter in 2008, the property taxes imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, and children with special health care needs county fund.

(b) Except as provided in this subsection, an appropriation from property taxes to repay interest and principal of a debt obligation is not deducted from the allocation amount for a civil taxing unit if:

(1) the debt obligation was issued; and

(2) the proceeds appropriated from property taxes;

to refund or otherwise refinance a debt obligation or a lease issued before July 1, 2005. However, an appropriation from property taxes related to a debt obligation issued after June 30, 2005, is deducted if the debt extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if the debt or lease had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

(c) Except as provided in this subsection, an appropriation from property taxes to make payments on a lease is not deducted from the allocation amount for a civil taxing unit if:

(1) the lease was issued; and

(2) the proceeds were appropriated from property taxes;

to refinance a debt obligation or lease issued before July 1, 2005. However, an appropriation from property taxes related to a lease entered into after June 30, 2005, is deducted if the lease extends payments on a debt or lease beyond the time in which the debt or lease would have been payable if it had not been refinanced or increases the total amount that must be paid on a debt or lease in excess of the amount that would have been paid if the debt or lease had not been refinanced. The amount of the deduction is the annual amount for each year of the extension period or the annual amount of the increase over the amount that would have been paid.

As added by P.L.207-2005, SEC.6. Amended by P.L.146-2008, SEC.336; P.L.182-2009(ss), SEC.217.

IC 6-3.5-6-1.3

Districts not entitled to distribution

Sec. 1.3. (a) This section applies to a county solid waste management district (as defined in IC 13-11-2-47) or a joint solid waste management district (as defined in IC 13-11-2-113).

(b) A district may not receive a distribution under this chapter

unless a majority of the members of each of the county fiscal bodies of the counties within the district passes a resolution approving the distribution.

(c) A resolution passed by a county fiscal body under subsection (b) may:

- (1) expire on a date specified in the resolution; or
- (2) remain in effect until the county fiscal body revokes or rescinds the resolution.

As added by P.L.96-1995, SEC.4. Amended by P.L.1-1996, SEC.48; P.L.70-2001, SEC.2.

IC 6-3.5-6-1.5

Time within which to adopt ordinance; effective date of ordinances

Sec. 1.5. (a) Notwithstanding any other provision of this chapter, a power granted by this chapter to adopt an ordinance to:

- (1) impose, increase, decrease, or rescind a tax or tax rate; or
- (2) grant, increase, decrease, rescind, or change a homestead credit or property tax replacement credit authorized under this chapter;

may be exercised at any time in a year before November 1 of that year.

(b) Notwithstanding any other provision of this chapter, an ordinance authorized by this chapter that imposes, increases, decreases, or rescinds a tax or a tax rate takes effect as follows:

- (1) An ordinance adopted after December 31 of the immediately preceding year and before September 1 of the current year takes effect on October 1 of the current year.
- (2) An ordinance adopted after August 31 and before November 1 of the current year takes effect on January 1 of the following year.

(c) An ordinance authorized by this chapter that grants, increases, decreases, rescinds, or changes a homestead credit or property tax replacement credit authorized under this chapter takes effect for and initially applies to property taxes first due and payable in the year immediately following the year in which the ordinance is adopted.

(d) If the commissioner of the department determines that an ordinance described in subsection (b) was not adopted according to the requirements of this article or is otherwise not in compliance with this article:

- (1) the commissioner shall:
 - (A) notify the county auditor that the ordinance was not adopted according to the requirements of this article or is not in compliance with this article; and
 - (B) specify the corrective action that must be taken for the ordinance to be adopted according to the requirements of this article and to be in compliance with this article; and
- (2) the ordinance may not take effect until the corrective action is taken.

As added by P.L.113-2010, SEC.63. Amended by P.L.137-2012, SEC.76; P.L.13-2013, SEC.24; P.L.261-2013, SEC.12.

IC 6-3.5-6-2

County income tax council; established; powers

Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county; or
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county.

As added by P.L.44-1984, SEC.14. Amended by P.L.2-1989, SEC.14; P.L.42-1994, SEC.4; P.L.267-2003, SEC.7; P.L.77-2011, SEC.11.

IC 6-3.5-6-3

County income tax council; allocation of votes

Sec. 3. (a) In the case of a city or town that lies within more than one (1) county, the county auditor of each county shall base the allocations required by subsection (b) on the population of that part of the city or town that lies within the county for which the allocations are being made.

(b) Every county income tax council has a total of one hundred (100) votes. Every member of the county income tax council is allocated a percentage of the total one hundred (100) votes that may be cast. The percentage that a city or town is allocated for a year equals the same percentage that the population of the city or town bears to the population of the county. The percentage that the county is allocated for a year equals the same percentage that the population of all areas in the county not located in a city or town bears to the population of the county. On or before January 1 of each year, the county auditor shall certify to each member of the county income tax council the number of votes, rounded to the nearest one hundredth (0.01), it has for that year.

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-4

Resolutions; transmittal to county auditor

Sec. 4. (a) A member of the county income tax council may exercise its votes by passing a resolution and transmitting the resolution to the auditor of the county. However, in the case of an ordinance to impose, rescind, increase, decrease, or freeze the county rate of the county option income tax, the member must transmit the resolution to the county auditor by the appropriate time described in section 8, 9, 10, or 11 of this chapter. The form of a resolution is as

follows:

"The _____ (name of civil taxing unit's fiscal body) casts its _____ votes _____ (for or against) the proposed ordinance of the _____ County Income Tax Council, which reads as follows:".

(b) A resolution passed by a member of the county income tax council exercises all votes of the member on the proposed ordinance, and those votes may not be changed during the year.

As added by P.L.44-1984, SEC.14. Amended by P.L.42-1994, SEC.5.

IC 6-3.5-6-5

Ordinances; procedure for proposal; voting

Sec. 5. Any member of a county income tax council may present an ordinance for passage. To do so, the member must pass a resolution to propose the ordinance to the county income tax council and distribute a copy of the proposed ordinance to the auditor of the county. The auditor of the county shall treat any proposed ordinance presented to the auditor under this section as a casting of all that member's votes in favor of that proposed ordinance. Subject to the limitations of section 6 of this chapter, the auditor of the county shall deliver copies of a proposed ordinance the auditor receives to all members of the county income tax council within ten (10) days after receipt. Once a member receives a proposed ordinance from the auditor of the county, the member shall vote on it within thirty (30) days after receipt.

As added by P.L.44-1984, SEC.14. Amended by P.L.28-1997, SEC.17.

IC 6-3.5-6-6

Ordinances; limitation of number; effect of passage on proposed ordinances; proposed ordinances with same effect

Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or 2(b)(6) of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), or 2(b)(6) of this chapter has been passed, the auditor of the county shall:

- (1) cease distributing proposed ordinances of those types for the rest of the year; and
- (2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

As added by P.L.44-1984, SEC.14. Amended by P.L.42-1994, SEC.6.

IC 6-3.5-6-7

Ordinances; hearing; notice

Sec. 7. (a) Before a member of the county income tax council may propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place where the public hearing will be held.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

(c) The form of the notice required by this section must be in substantially the following form:

"NOTICE OF COUNTY OPTION
INCOME TAX ORDINANCE VOTE.

The fiscal body of the _____ (insert name of civil taxing unit) hereby declares that on _____ (insert date) at _____ (insert the time of day) a public hearing will be held at _____ (insert location) concerning the following resolution to propose an ordinance (or proposed ordinance) that is before the members of the county income tax council. Members of the public are cordially invited to attend the hearing for the purpose of expressing their views.

(Insert a copy of the proposed ordinance or resolution to propose an ordinance.)".

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-8

Imposition of tax; rate of tax; necessity and form of ordinance; recording of votes

Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on December 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county.

(b) Except as provided in sections 30, 31, and 32 of this chapter, the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must pass an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five-hundredths of one percent (0.05%) on all other county taxpayers."

(d) Except as provided in sections 30, 31, and 32 of this chapter, if the county option income tax is imposed on the county taxpayers

of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding October 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

As added by P.L.44-1984, SEC.14. Amended by P.L.35-1990, SEC.16; P.L.224-2007, SEC.70; P.L.77-2011, SEC.12; P.L.137-2012, SEC.77; P.L.261-2013, SEC.13.

IC 6-3.5-6-9

Increase of tax rate

Sec. 9. (a) If on January 1 of a calendar year the county option income tax rate in effect for resident county taxpayers equals six tenths of one percent (0.6%), excluding a tax rate imposed under section 30, 31, or 32 of this chapter, the county income tax council of that county may pass an ordinance to increase its tax rate for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers increases by one-tenth of one percent (0.1%) in the year in which the ordinance is adopted, as provided in section 1.5 of this chapter, and on each succeeding October 1 until its rate reaches a maximum of one percent (1%), excluding a tax rate imposed under section 30, 31, or 32 of this chapter.

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

As added by P.L.44-1984, SEC.14. Amended by P.L.35-1990, SEC.17; P.L.224-2007, SEC.71; P.L.77-2011, SEC.13; P.L.137-2012, SEC.78; P.L.261-2013, SEC.14.

IC 6-3.5-6-9.5

Repealed

(Repealed by P.L.2-1989, SEC.56.)

IC 6-3.5-6-10

Effect of adoption of county option income tax and county adjusted

gross income tax in same county

Sec. 10. If during a particular calendar year the county council of a county adopts an ordinance to impose the county adjusted gross income tax on the same day that the county option income tax council of the county adopts an ordinance to impose the county option income tax, the county option income tax takes effect in that county and the county adjusted gross income tax shall not take effect in that county.

As added by P.L.44-1984, SEC.14. Amended by P.L.224-2007, SEC.72; P.L.77-2011, SEC.14.

IC 6-3.5-6-11

Freeze of tax rate; adoption, duration, and rescission of ordinance

Sec. 11. (a) This section does not apply to a tax rate imposed under section 30 of this chapter.

(b) The county income tax council of any county may adopt an ordinance to permanently freeze the county option income tax rates at the rate in effect for its county on December 1 of a year.

(c) To freeze the county option income tax rates, a county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council permanently freezes the county option income tax rates at the rate in effect on December 1 of the current year."

(d) An ordinance adopted under the authority of this section remains in effect until rescinded.

(e) If a county income tax council rescinds an ordinance as adopted under this section, the county option income tax rate shall automatically increase by one-tenth of one percent (0.1%) until:

- (1) the tax rate is again frozen under another ordinance adopted under this section; or
- (2) the tax rate equals six-tenths of one percent (0.6%) (if the frozen tax rate equaled an amount less than six-tenths of one percent (0.6%)) or one percent (1%) (if the frozen tax rate equaled an amount in excess of six-tenths of one percent (0.6%)).

(f) The county auditor shall record any vote taken on an ordinance proposed under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

As added by P.L.44-1984, SEC.14. Amended by P.L.35-1990, SEC.18; P.L.224-2007, SEC.73; P.L.77-2011, SEC.15; P.L.137-2012, SEC.79; P.L.261-2013, SEC.15.

IC 6-3.5-6-12

Duration of tax; rescission of tax; record of votes

Sec. 12. (a) The county option income tax imposed by a county

income tax council under this chapter remains in effect until rescinded.

(b) Subject to subsection (c), the county income tax council of a county may rescind the county option income tax by passing an ordinance.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

As added by P.L.44-1984, SEC.14. Amended by P.L.2-1989, SEC.15; P.L.35-1990, SEC.19; P.L.28-1997, SEC.18; P.L.224-2007, SEC.74; P.L.77-2011, SEC.16; P.L.137-2012, SEC.80; P.L.261-2013, SEC.16.

IC 6-3.5-6-12.5

Decrease in county option income tax rate; adoption of ordinance; procedures

Sec. 12.5. (a) The county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (____ %) to _____ percent (____ %).".

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The county auditor shall record the votes taken on an ordinance under this subsection and, not more than ten (10) days after the vote, shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same

year adopt or increase the county economic development income tax under IC 6-3.5-7.

As added by P.L.42-1994, SEC.7. Amended by P.L.224-2007, SEC.75; P.L.77-2011, SEC.17; P.L.137-2012, SEC.81; P.L.261-2013, SEC.17.

IC 6-3.5-6-13

Homestead credit percentage; determination

Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to provide a homestead credit for homesteads in its county.

(b) A county income tax council may not provide a homestead credit percentage that exceeds the amount determined in the last STEP of the following formula:

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated property tax replacement under IC 6-1.1-21-3(a) (before its repeal) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g) before its repeal) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) The homestead credit percentage must be uniform for all homesteads in a county.

(d) In the ordinance that establishes the homestead credit percentage, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

As added by P.L.44-1984, SEC.14. Amended by P.L.3-1989, SEC.41; P.L.224-2003, SEC.247; P.L.97-2004, SEC.30; P.L.224-2007, SEC.76; P.L.146-2008, SEC.337; P.L.77-2011, SEC.18.

IC 6-3.5-6-13.5

County income tax council meetings to consider rate adjustment

Sec. 13.5. A county income tax council must before August 1 of each odd-numbered year hold at least one (1) public meeting at which the county income tax council discusses whether the county option income tax rate under this chapter should be adjusted.

As added by P.L.182-2009(ss), SEC.218.

IC 6-3.5-6-14

Taxpayer subject to different tax rates; rate of tax

Sec. 14. If for any taxable year a county taxpayer is subject to different tax rates for the county option income tax imposed by a particular county, the taxpayer's county option income tax rate for that county and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: For each tax rate in effect in a year, multiply the number of months in the taxpayer's taxable year in which the rate is in effect.

STEP TWO: Divide the sum of the amounts determined under STEP ONE by twelve (12).

As added by P.L.44-1984, SEC.14. Amended by P.L.224-2007, SEC.77; P.L.77-2011, SEC.19.

IC 6-3.5-6-15

Tax not in effect entire taxable year

Sec. 15. If the county option income tax is not in effect during a county taxpayer's entire taxable year, the amount of county option income tax that the county taxpayer owes for that taxable year equals the product of:

(1) the amount of county option income tax the county taxpayer would owe if the tax had been imposed during the county taxpayer's entire taxable year; multiplied by

(2) a fraction. The numerator of the fraction equals the number of days in the county taxpayer's taxable year during which the county option income tax was in effect. The denominator of the fraction equals the total number of days in the county taxpayer's taxable year.

However, if the taxpayer files state income tax returns on a calendar year basis, the fraction to be applied under this section is one-half (1/2).

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-16

Deposit of revenue in special account

Sec. 16. (a) A special account within the state general fund shall be established for each county that adopts the county option income tax. Any revenue derived from the imposition of the county option income tax by a county shall be deposited in that county's account in the state general fund.

(b) Any income earned on money held in an account under

subsection (a) becomes a part of that account.

(c) Any revenue remaining in an account established under subsection (a) at the end of a fiscal year does not revert to the state general fund.

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-17

Calculation of certified distribution; summary of calculation; notice to county auditor; notice to taxing units

Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the budget agency determines has been:

- (1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and
- (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the budget agency shall provide to the county auditor of each adopting county an estimate of the amount determined under subsection (a) that will be distributed to the county, based on known tax rates. Not later than thirty (30) days after receiving the estimate of the certified distribution, the county auditor shall notify each taxing unit of the estimated amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. Before October 1 of each calendar year, the budget agency shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), (e), and (f). Not later than thirty (30) days after receiving the notice of the amount of the certified distribution, the county auditor shall notify each taxing unit of the amount of distributive shares and other revenue that will be distributed to the taxing unit under this chapter during the ensuing calendar year. The budget agency shall provide the county council with an informative summary of the calculations used to determine the certified distribution. The summary of calculations must include:

- (1) the amount reported on individual income tax returns processed by the department during the previous fiscal year;
- (2) adjustments for over distributions in prior years;

- (3) adjustments for clerical or mathematical errors in prior years;
- (4) adjustments for tax rate changes; and
- (5) the amount of excess account balances to be distributed under IC 6-3.5-6-17.3.

The budget agency shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter. This information must be certified to the county auditor and to the department of local government finance before October 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 30, 31, or 32 of this chapter may be used only as specified in those provisions.

(c) The budget agency shall certify an amount less than the amount determined under subsection (b) if the budget agency determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The budget agency may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The budget agency shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The budget agency may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that imposes, increases, decreases, or rescinds a tax or tax rate under this chapter before November 1 in the same calendar year in which the budget agency makes a certification under this section. The budget agency shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c). If the county imposes, increases, decreases, or rescinds a tax or tax rate under this chapter after the date for which a certification under subsection (b) is based, the budget agency shall adjust the certified distribution of the county after September 30 of the calendar year. The adjustment shall reflect any other adjustment required under subsections (c), (d), and (f). The adjusted certification shall be treated as the county's "certified distribution" for the immediately succeeding calendar year. The budget agency shall certify the adjusted certified distribution to the county auditor for the county and provide the county council with an informative summary of the calculations that revises the informative summary provided in subsection (b) and reflects the changes made in the adjustment.

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other

provision, the budget agency shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first regular business day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(j) The budget agency shall before May 1 of every odd-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following two (2) calendar years.

(k) The budget agency shall before May 1 of every even-numbered year publish an estimate of the statewide total amount of certified distributions to be made under this chapter during the following calendar year.

(l) The estimates under subsections (j) and (k) must specify the amount of the estimated certified distributions that are attributable to the additional rate authorized under section 30 of this chapter, the additional rate authorized under section 31 of this chapter, the additional rate authorized under section 32 of this chapter, and any other additional rates authorized under this chapter.

As added by P.L.44-1984, SEC.14. Amended by P.L.23-1986, SEC.10; P.L.178-2002, SEC.61; P.L.1-2003, SEC.42; P.L.267-2003, SEC.8; P.L.207-2005, SEC.7; P.L.224-2007, SEC.78; P.L.146-2008, SEC.338; P.L.182-2009(ss), SEC.219; P.L.113-2010, SEC.64; P.L.229-2011, SEC.90; P.L.137-2012, SEC.82; P.L.261-2013, SEC.18; P.L.153-2014, SEC.7.

IC 6-3.5-6-17.2

Annual report to county auditor

Sec. 17.2. Before October 2 of each year, the budget agency shall submit a report to each county auditor indicating the balance in the

county's special account as of the cutoff date set by the budget agency.

As added by P.L.178-2002, SEC.62. Amended by P.L.267-2003, SEC.9; P.L.182-2009(ss), SEC.220.

IC 6-3.5-6-17.3

Distribution of excess balance; use

Sec. 17.3. (a) If the budget agency determines that the balance in a county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year, the budget agency shall make a supplemental distribution to the county from the county's special account.

(b) A supplemental distribution described in subsection (a) must be:

- (1) made in January of the ensuing calendar year; and
- (2) allocated in the same manner as certified distributions for deposit in a civil unit's rainy day fund established under IC 36-1-8-5.1. However, the part of a supplemental distribution that is attributable to an additional rate authorized under this chapter:

(A) shall be used for the purpose specified in the statute authorizing the additional rate; and

(B) is not required to be deposited in the unit's rainy day fund.

The amount of the supplemental distribution is equal to the amount by which the balance in the county trust account exceeds fifty percent (50%) of the certified distributions to be made to the county in the ensuing year.

(c) A determination under this section must be made before October 2.

(d) Any income earned on money held in a trust account established for a county under this chapter shall be deposited in that trust account.

As added by P.L.178-2002, SEC.63. Amended by P.L.267-2003, SEC.10; P.L.182-2009(ss), SEC.221; P.L.229-2011, SEC.91; P.L.261-2013, SEC.19.

IC 6-3.5-6-17.4

Repealed

(Repealed by P.L.267-2003, SEC.16.)

IC 6-3.5-6-17.5

Repealed

(Repealed by P.L.267-2003, SEC.16.)

IC 6-3.5-6-17.6

Repealed

(Repealed by P.L.267-2003, SEC.16.)

IC 6-3.5-6-18

Use of revenue by county auditors; distribution of revenue to civil taxing units and school corporations; qualified economic development tax projects

Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) fund the operation of a public library in a county containing a consolidated city as provided in an election, if any, made by the county fiscal body under IC 36-3-7-6;
- (5) make payments permitted under IC 36-7-14-25.5 or IC 36-7-15.1-17.5;
- (6) make payments permitted under subsection (i);
- (7) make distributions of distributive shares to the civil taxing units of a county;
- (8) make the distributions permitted under sections 27, 28, 29, 30, 31, 32, and 33 of this chapter; and
- (9) fund a public transportation project approved in an eligible county under IC 8-25-2 or in a township under IC 8-25-6, if any.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain:

- (1) the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-3-7-6, IC 36-7-14-25.5, IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year; and
- (2) the amount of an additional tax rate imposed under section 27, 28, 29, 30, 31, 32, or 33 of this chapter.

The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the allocation amount for the civil taxing unit for the calendar year in which the month falls. The denominator of the fraction equals the sum of the allocation amounts of all the civil taxing units of the county for the calendar year in which the month falls.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter for property tax relief or public safety) to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

As added by P.L.44-1984, SEC.14. Amended by P.L.225-1986, SEC.10; P.L.32-1986, SEC.2; P.L.84-1987, SEC.3; P.L.2-1989, SEC.16; P.L.28-1993, SEC.7; P.L.273-1999, SEC.71; P.L.283-2001, SEC.4; P.L.90-2002, SEC.296; P.L.120-2002, SEC.4; P.L.1-2003, SEC.44; P.L.255-2003, SEC.4; P.L.207-2005, SEC.8; P.L.162-2006, SEC.31; P.L.184-2006, SEC.6; P.L.1-2007, SEC.63; P.L.224-2007,

SEC.79; P.L.182-2009(ss), SEC.222; P.L.135-2011, SEC.1; P.L.153-2014, SEC.8.

IC 6-3.5-6-18.5

Distributive shares to civil taxing units in counties containing a consolidated city

Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	\$1,898,145
Decatur Township	\$164,103
Franklin Township	\$173,934
Lawrence Township	\$890,086
Perry Township	\$854,544
Pike Township	\$1,410,375
Warren Township	\$1,027,721
Washington Township	\$1,017,890
Wayne Township	\$988,397
Lawrence-City	\$648,848
Beech Grove	\$639,017
Southport	\$18,906
Speedway	\$546,000

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month as follows:

STEP ONE: Determine the total amount of revenues that were distributed as distributive shares during that month in calendar year 1995.

STEP TWO: Determine the total amount of revenue that the department has certified as distributive shares for that month under section 17 of this chapter for the calendar year.

STEP THREE: Subtract the STEP ONE result from the STEP TWO result.

STEP FOUR: If the STEP THREE result is less than or equal to zero (0), multiply the STEP TWO result by the ratio established under subdivision (1).

STEP FIVE: Determine the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for each civil taxing unit for the calendar year in which the month falls, plus, for a county, the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

STEP SIX: If the STEP THREE result is greater than zero (0), the STEP ONE amount shall be distributed by multiplying the STEP ONE amount by the ratio established under subdivision (1).

STEP SEVEN: For each taxing unit determine the STEP FIVE ratio multiplied by the STEP TWO amount.

STEP EIGHT: For each civil taxing unit determine the difference between the STEP SEVEN amount minus the product of the STEP ONE amount multiplied by the ratio established under subdivision (1). The STEP THREE excess shall be distributed as provided in STEP NINE only to the civil taxing units that have a STEP EIGHT difference greater than or equal to zero (0).

STEP NINE: For the civil taxing units qualifying for a distribution under STEP EIGHT, each civil taxing unit's share equals the STEP THREE excess multiplied by the ratio of:

(A) the maximum permissible property tax levy under IC 6-1.1-18.5 for the qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the welfare allocation amount; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the welfare allocation amount.

(c) The welfare allocation amount is an amount equal to the sum of the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund and the property taxes

imposed by the county in 2008 for the county's county medical assistance to wards fund, family and children's fund, children's psychiatric residential treatment services fund, county hospital care for the indigent fund, children with special health care needs county fund, plus, in the case of Marion County, thirty-five million dollars (\$35,000,000).

As added by P.L.42-1994, SEC.10. Amended by P.L.98-1995, SEC.1; P.L.273-1999, SEC.72; P.L.283-2001, SEC.5; P.L.120-2002, SEC.5; P.L.255-2003, SEC.5; P.L.234-2005, SEC.5; P.L.146-2008, SEC.339.

IC 6-3.5-6-18.6

Timing of income tax distributions within the county

Sec. 18.6. (a) The county auditor shall timely distribute the certified distribution received under section 17 of this chapter to each civil taxing unit that is a recipient of distributive shares as provided by sections 18 and 18.5 of this chapter.

(b) A distribution is considered to be timely made if the distribution is made not later than ten (10) working days after the date the county treasurer receives the county's certified distribution under section 17 of this chapter.

As added by P.L.26-2009, SEC.2.

IC 6-3.5-6-19

Calculation of distributive shares; allowable uses of revenue

Sec. 19. (a) Except as provided in sections 18(e) and 18.5(b)(3) of this chapter, in determining the fractional share of distributive shares the civil taxing units of a county are entitled to receive under section 18 of this chapter during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(b) In determining the amount of distributive shares a civil taxing unit is entitled to receive under section 18(g) of this chapter, the department of local government finance shall consider only the percentage of the civil taxing unit's budget that equals the ratio that the total assessed valuation that lies within the civil taxing unit and the county that has adopted the county option tax bears to the total assessed valuation that lies within the civil taxing unit.

(c) The distributive shares to be allocated and distributed under this chapter:

(1) shall be treated by each civil taxing unit as additional revenue for the purpose of fixing the civil taxing unit's budget for the budget year during which the distributive shares are to be distributed to the civil taxing unit; and

(2) may be used for any lawful purpose of the civil taxing unit.

(d) In the case of a civil taxing unit that includes a consolidated city, its fiscal body may distribute any revenue it receives under this chapter to any governmental entity located in its county except an excluded city, a township, or a school corporation.

As added by P.L.44-1984, SEC.14. Amended by P.L.225-1986,

SEC.11; P.L.273-1999, SEC.73; P.L.90-2002, SEC.297; P.L.267-2003, SEC.11; P.L.118-2005, SEC.1.

IC 6-3.5-6-20

County residents; determination

Sec. 20. (a) For purposes of this chapter, an individual shall be treated as a resident of the county in which he:

- (1) maintains a home, if the individual maintains only one (1) in Indiana;
- (2) if subdivision (1) does not apply, is registered to vote;
- (3) if subdivision (1) or (2) does not apply, registers his personal automobile; or
- (4) if subdivision (1), (2), or (3) does not apply, spends the majority of his time spent in Indiana during the taxable year in question.

(b) The residence or principal place of business or employment of an individual is to be determined on January 1 of the calendar year in which the individual's taxable year commences. If an individual changes the location of his residence or principal place of employment or business to another county in Indiana during a calendar year, his liability for county option income tax is not affected.

(c) Notwithstanding subsection (b), if an individual becomes a county taxpayer for purposes of IC 36-7-27 during a calendar year because the individual:

- (1) changes the location of the individual's residence to a county in which the individual begins employment or business at a qualified economic development tax project (as defined in IC 36-7-27-9); or
- (2) changes the location of the individual's principal place of employment or business to a qualified economic development tax project and does not reside in another county in which the county option income tax is in effect;

the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is taxable only by the county containing the qualified economic development tax project.

As added by P.L.44-1984, SEC.14. Amended by P.L.42-1994, SEC.11.

IC 6-3.5-6-21

Reciprocity agreements

Sec. 21. (a) Using procedures provided under this chapter, the county income tax council of any adopting county may pass an ordinance to enter into reciprocity agreements with the taxing authority of any city, town, municipality, county, or other similar local governmental entity of any other state. The reciprocity agreements must provide that the income of resident county taxpayers is exempt from income taxation by the other local governmental entity to the extent income of the residents of the other

local governmental entity is exempt from the county option income tax in the adopting county.

(b) A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The form and effective date of any reciprocity agreement described in this section must be approved by the department.

As added by P.L.44-1984, SEC.14.

IC 6-3.5-6-22

Adjusted gross income tax provisions; applicability; employer's withholding report

Sec. 22. (a) Except as otherwise provided in subsection (b) and the other provisions of this chapter, all provisions of the adjusted gross income tax law (IC 6-3) concerning:

- (1) definitions;
- (2) declarations of estimated tax;
- (3) filing of returns;
- (4) deductions or exemptions from adjusted gross income;
- (5) remittances;
- (6) incorporation of the provisions of the Internal Revenue Code;
- (7) penalties and interest; and
- (8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The provisions of IC 6-3-1-3.5(a)(6), IC 6-3-3-3, IC 6-3-3-5, and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

(c) Notwithstanding subsections (a) and (b), each employer shall report to the department the amount of withholdings attributable to each county. This report shall be submitted to the department:

- (1) each time the employer remits to the department the tax that is withheld; and
- (2) annually along with the employer's annual withholding report.

As added by P.L.44-1984, SEC.14. Amended by P.L.23-1986, SEC.11; P.L.57-1997, SEC.5; P.L.146-2008, SEC.340.

IC 6-3.5-6-23

Credit for income tax imposed by local governmental entity outside Indiana

Sec. 23. (a) Except as provided in subsection (b), if for a particular taxable year a county taxpayer is liable for an income tax imposed by a county, city, town, or other local governmental entity located outside of Indiana, that county taxpayer is entitled to a credit against the county option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the county option income tax. However, the credit provided by this section may not reduce a county

taxpayer's county option income tax liability to an amount less than would have been owed if the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a county taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of county option income taxes owed under this chapter.

(c) To claim the credit provided by this section, a county taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit.

As added by P.L.23-1986, SEC.12.

IC 6-3.5-6-24

Credit for the elderly or persons with a total disability

Sec. 24. (a) If for a particular taxable year a county taxpayer is, or a county taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or individuals with a total disability under Section 22 of the Internal Revenue Code, the county taxpayer is, or the county taxpayer and the taxpayer's spouse are, entitled to a credit against the county option income tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the credit for the elderly or individuals with a total disability for that same taxable year; multiplied by

(B) a fraction, the numerator of which is the county option income tax rate imposed against the county taxpayer, or the county taxpayer and the taxpayer's spouse, and the denominator of which is fifteen-hundredths (0.15); or

(2) the amount of county option income tax imposed on the county taxpayer, or the county taxpayer and the taxpayer's spouse.

(b) If a county taxpayer and the taxpayer's spouse file a joint return and are subject to different county option income tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) county option income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B).

As added by P.L.23-1986, SEC.13. Amended by P.L.63-1988, SEC.10; P.L.99-2007, SEC.28.

IC 6-3.5-6-25

Public sale of obligations

Sec. 25. Notwithstanding any other law, if a civil taxing unit desires to issue obligations, or enter into leases, payable wholly or in part by the county option income tax, the obligations of the civil taxing unit or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

As added by P.L.2-1989, SEC.17.

IC 6-3.5-6-26**Enforcement of pledge of county option income tax revenue; covenant by general assembly**

Sec. 26. (a) A pledge of county option income tax revenues received under this chapter (other than revenues attributable to a tax rate imposed under section 30, 31, or 32 of this chapter for property tax relief or public safety) is enforceable in accordance with IC 5-1-14.

(b) With respect to obligations for which a pledge has been made under this chapter, the general assembly covenants with the county and the purchasers or owners of those obligations that this chapter will not be repealed or amended in any manner that will adversely affect the tax collected under this chapter as long as the principal of or interest on those obligations is unpaid.

As added by P.L.178-2002, SEC.67. Amended by P.L.224-2007, SEC.82; P.L.153-2014, SEC.9.

IC 6-3.5-6-27**Miami County additional rate; findings; uses**

Sec. 27. (a) This section applies only to Miami County. Miami County possesses unique economic development challenges due to:

- (1) underemployment in relation to similarly situated counties; and
- (2) the presence of a United States government military base or other military installation that is completely or partially inactive or closed.

Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter to pay any bonds issued or leases entered into to finance the construction, acquisition, improvement, renovation, and equipping described under subsection (c), rather than use of property taxes, promotes that purpose.

(b) In addition to the rates permitted by sections 8 and 9 of this chapter, the county council may impose the county option income tax at a rate of twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county council makes the finding and determination set forth in subsection (c). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) In order to impose the county option income tax as provided in this section, the county council must adopt an ordinance finding and determining that revenues from the county option income tax are needed to pay the costs of financing, constructing, acquiring, renovating, and equipping a county jail, including the repayment of bonds issued, or leases entered into, for financing, constructing, acquiring, renovating, and equipping a county jail.

(d) If the county council makes a determination under subsection (c), the county council may adopt a tax rate under subsection (b). The tax rate may not be imposed at a rate or for a time greater than is necessary to pay the costs of financing, constructing, acquiring,

renovating, and equipping a county jail.

(e) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(f) County option income tax revenues derived from the tax rate imposed under this section:

- (1) may only be used for the purposes described in this section;
- (2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5; and
- (3) may be pledged to the repayment of bonds issued, or leases entered into, for the purposes described in subsection (c).

(g) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

As added by P.L.214-2005, SEC.18. Amended by P.L.182-2009(ss), SEC.223.

IC 6-3.5-6-28

Howard County additional rate; findings; uses

Sec. 28. (a) This section applies only to Howard County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this section and as needed in the county to fund the operation and maintenance of a jail and juvenile detention center, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose a county option income tax at a rate that does not exceed twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers. The tax rate may be adopted in any increment of one hundredth percent (0.01%). Before the county fiscal body may adopt a tax rate under this section, the county fiscal body must make the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional tax rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

- (1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a jail, a juvenile detention center, or both; and
- (2) agreeing to freeze the part of any property tax levy imposed

in the county for the operation of the jail or juvenile detention center, or both, covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section for the term in which an ordinance is in effect under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. Not more than ten (10) days after the vote, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(f) The county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

(1) may only be used for the purposes described in this section; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement under subsection (d)(2).

(i) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

(j) The department shall separately designate a tax rate imposed under this section in any tax form as the Howard County jail operating and maintenance income tax.

As added by P.L.214-2005, SEC.19. Amended by P.L.224-2007, SEC.80; P.L.182-2009(ss), SEC.224; P.L.77-2011, SEC.20; P.L.137-2012, SEC.83; P.L.261-2013, SEC.20.

IC 6-3.5-6-29

Scott County additional rate; findings; uses

Sec. 29. (a) This section applies only to Scott County. Scott County is a county in which:

(1) maintaining low property tax rates is essential to economic development; and

(2) the use of additional county option income tax revenues as provided in this section, rather than the use of property taxes, to fund:

(A) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(B) the repayment of bonds issued or leases entered into for the purposes described in clause (A), except operation or maintenance;

promotes the purpose of maintaining low property tax rates.

(b) The county fiscal body may impose the county option income tax on the adjusted gross income of resident county taxpayers at a rate, in addition to the rates permitted by sections 8 and 9 of this chapter, not to exceed twenty-five hundredths percent (0.25%). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(c) To impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance finding and determining that additional revenues from the county option income tax are needed in the county to fund:

(1) the financing, construction, acquisition, improvement, renovation, equipping, operation, or maintenance of jail facilities; and

(2) the repayment of bonds issued or leases entered into for the purposes described in subdivision (1), except operation or maintenance.

(d) If the county fiscal body makes a determination under subsection (c), the county fiscal body may adopt an additional tax rate under subsection (b). Subject to the limitations in subsection (b), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. Not more than ten (10) days after the vote, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) If the county imposes an additional tax rate under this section, the county treasurer shall establish a county jail revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county jail revenue fund before making a certified distribution under section 18 of this chapter.

(f) County option income tax revenues derived from an additional tax rate imposed under this section:

(1) may be used only for the purposes described in this section;

(2) may not be considered by the department of local government finance in determining the county's maximum

permissible property tax levy limit under IC 6-1.1-18.5; and
(3) may be pledged for the repayment of bonds issued or leases entered into to fund the purposes described in subsection (c)(1), except operation or maintenance.

(g) If the county imposes an additional tax rate under this section, the budget agency shall adjust the certified distribution of the county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts the increased tax rate and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

*As added by P.L.162-2006, SEC.32 and P.L.184-2006, SEC.7.
Amended by P.L.1-2007, SEC.64; P.L.224-2007, SEC.81;
P.L.182-2009(ss), SEC.225; P.L.77-2011, SEC.21; P.L.137-2012, SEC.84; P.L.261-2013, SEC.21.*

IC 6-3.5-6-30

Rate for property tax levy freeze; rate for public transportation

Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may adopt an ordinance to impose a tax rate under this section.

(c) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) Except as provided in subsection (u), the following apply only in the year in which a county income tax council first imposes a tax rate under this section:

(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county in the first year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and five-tenths (1.5).

(ii) In a county other than a county containing a

consolidated city, two (2).

(3) The tax rate that must be imposed in the county in the second year is the tax rate determined for the county under IC 6-3.5-1.5-1(c). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) Except as provided in subsection (u), the following apply only in a year in which a county income tax council increases a tax rate under this section:

(1) The county income tax council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(b) in the year the tax rate is increased; plus

(B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(b), IC 6-1.1-18.5-3(c), IC 12-19-7-4(b) (before its repeal), IC 12-19-7.5-6(b) (before its repeal), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) Except as provided in subsection (u), the department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(b), determine the result of:

(1) the quotient of:

(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(b) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP THREE: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county family and children's fund before 2009,

determine the result of:

(1) the quotient of:

(A) the amount determined under STEP TWO of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FOUR: For distributions in 2009 and thereafter, the result of this STEP is zero (0). For distribution to the county for deposit in the county children's psychiatric residential treatment services fund before 2009, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP THREE of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

STEP FIVE: For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under STEP FOUR of IC 6-3.5-1.5-1(b) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 18 of this chapter.

(h) Notwithstanding sections 12 and 12.5 of this chapter, a county income tax council may not decrease or rescind a tax rate imposed under this section.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3.

(j) The tax levy under this section shall not be considered for purposes of the credit under IC 6-1.1-20.6.

(k) Except as provided in subsections (t) and (u), a distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this section (other than a tax rate imposed under subsection (t)), the

county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section:

(1) one-third ($1/3$) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and

(2) one-half ($1/2$) of the tax revenue that is attributable to the tax rate under this section (other than a tax rate imposed under subsection (t)) must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

(n) Except as provided in subsection (t) and IC 8-25, a pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) Except as provided in subsections (t) and (u), a county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(b) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) Except as provided in subsection (u), a county income tax council must each year hold at least one (1) public meeting at which the county council discusses whether the tax rate under this section should be imposed or increased.

(r) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(s) Notwithstanding any other provision, in:

- (1) Lake County;
- (2) Delaware County; and
- (3) Madison County;

the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

(t) This subsection applies only to Delaware County and Madison County. If the voters of a county approve a local public question under IC 8-25-2, the fiscal body of the county may, after at least one (1) public meeting, adopt an ordinance to provide for the use of county option income tax revenue attributable to an additional tax rate imposed under this subsection to fund a public transportation project under IC 8-25. However, a county fiscal body shall adopt an ordinance under this subsection if required by IC 8-25-6-10 to impose an additional tax rate on the county taxpayers who reside in a township in which the voters approve a public transportation project in a local public question held under IC 8-25-6. An ordinance adopted under this subsection must specify an additional tax rate to be imposed in the county (or township in the case of an additional rate required by IC 8-25-6-10) of at least one-tenth percent (0.1%), but not more than twenty-five hundredths percent (0.25%). If an ordinance is adopted under this subsection, the amount of the certified distribution attributable to the additional tax rate imposed under this subsection must be:

- (1) retained by the county auditor;
- (2) deposited in the county public transportation project fund established under IC 8-25-3-7; and
- (3) used for the purpose provided in this subsection instead of as a property tax replacement distribution.

(u) The following do not apply to an additional tax rate imposed under subsection (t):

- (1) Subsection (e).
- (2) Subsection (f).
- (3) Subsection (g).
- (4) Subsection (k).
- (5) Subsection (n).
- (6) Subsection (o).
- (7) Subsection (q).

As added by P.L.224-2007, SEC.83. Amended by P.L.146-2008, SEC.341; P.L.77-2011, SEC.22; P.L.172-2011, SEC.76; P.L.137-2012, SEC.85; P.L.261-2013, SEC.22; P.L.153-2014, SEC.10.

IC 6-3.5-6-31

Rate for public safety

Sec. 31. (a) As used in this section, "public safety" refers to the following:

- (1) A police and law enforcement system to preserve public peace and order.

- (2) A firefighting and fire prevention system.
- (3) Emergency ambulance services (as defined in IC 16-18-2-107).
- (4) Emergency medical services (as defined in IC 16-18-2-110).
- (5) Emergency action (as defined in IC 13-11-2-65).
- (6) A probation department of a court.
- (7) Confinement, supervision, services under a community corrections program (as defined in IC 35-38-2.6-2), or other correctional services for a person who has been:
 - (A) diverted before a final hearing or trial under an agreement that is between the county prosecuting attorney and the person or the person's custodian, guardian, or parent and that provides for confinement, supervision, community corrections services, or other correctional services instead of a final action described in clause (B) or (C);
 - (B) convicted of a crime; or
 - (C) adjudicated as a delinquent child or a child in need of services.
- (8) A juvenile detention facility under IC 31-31-8.
- (9) A juvenile detention center under IC 31-31-9.
- (10) A county jail.
- (11) A communications system (as defined in IC 36-8-15-3), an enhanced emergency telephone system (as defined in IC 36-8-16-2 (before its repeal on July 1, 2012)), or the statewide 911 system (as defined in IC 36-8-16.7-22).
- (12) Medical and health expenses for jail inmates and other confined persons.
- (13) Pension payments for any of the following:
 - (A) A member of the fire department (as defined in IC 36-8-1-8) or any other employee of a fire department.
 - (B) A member of the police department (as defined in IC 36-8-1-9), a police chief hired under a waiver under IC 36-8-4-6.5, or any other employee hired by a police department.
 - (C) A county sheriff or any other member of the office of the county sheriff.
 - (D) Other personnel employed to provide a service described in this section.

(b) The county income tax council may adopt an ordinance to impose an additional tax rate under this section to provide funding for public safety if:

- (1) the county income tax council has imposed a tax rate under section 30 of this chapter, in the case of a county containing a consolidated city; or
- (2) the county income tax council has imposed a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 30 of this chapter, a tax rate of at least twenty-five hundredths of one percent (0.25%) under section 32 of this chapter, or a total combined tax rate of at least twenty-five hundredths of one percent (0.25%) under sections 30 and 32 of

this chapter, in the case of a county other than a county containing a consolidated city.

(c) A tax rate under this section may not exceed the following:

(1) Five-tenths of one percent (0.5%), in the case of a county containing a consolidated city.

(2) Twenty-five hundredths of one percent (0.25%), in the case of a county other than a county containing a consolidated city.

(d) If a county income tax council adopts an ordinance to impose a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(f) Except as provided in subsections (l) and (m), the county auditor shall distribute the portion of the certified distribution that is attributable to a tax rate under this section to the county and to each municipality in the county that is carrying out or providing at least one (1) of the public safety purposes described in subsection (a). The amount that shall be distributed to the county or municipality is equal to the result of:

(1) the portion of the certified distribution that is attributable to a tax rate under this section; multiplied by

(2) a fraction equal to:

(A) the total property taxes being collected in the county by the county or municipality for the calendar year; divided by

(B) the sum of the total property taxes being collected in the county by the county and each municipality in the county that is entitled to a distribution under this section for the calendar year.

The county auditor shall make the distributions required by this subsection not more than thirty (30) days after receiving the portion of the certified distribution that is attributable to a tax rate under this section. Tax revenue distributed to a county or municipality under this subsection must be deposited into a separate account or fund and may be appropriated by the county or municipality only for public safety purposes.

(g) The department of local government finance may not require a county or municipality receiving tax revenue under this section to reduce the county's or municipality's property tax levy for a particular year on account of the county's or municipality's receipt of the tax revenue.

(h) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other

provision of this chapter;

(2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or

(3) the credit under IC 6-1.1-20.6.

(i) The tax rate under this section may be imposed or rescinded at the same time and in the same manner that the county may impose or increase a tax rate under section 30 of this chapter.

(j) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(k) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

(l) Two (2) or more political subdivisions that are entitled to receive a distribution under this section may adopt resolutions providing that some part or all of those distributions shall instead be paid to one (1) political subdivision in the county to carry out specific public safety purposes specified in the resolutions.

(m) A fire department, volunteer fire department, or emergency medical services provider that:

(1) provides fire protection or emergency medical services within the county; and

(2) is operated by or serves a political subdivision that is not otherwise entitled to receive a distribution of tax revenue under this section;

may before July 1 of a year apply to the county income tax council for a distribution of tax revenue under this section during the following calendar year. The county income tax council shall review an application submitted under this subsection and may before September 1 of a year adopt a resolution requiring that one (1) or more of the applicants shall receive a specified amount of the tax revenue to be distributed under this section during the following calendar year. A resolution approved under this subsection providing for a distribution to one (1) or more fire departments, volunteer fire departments, or emergency services providers applies only to distributions in the following calendar year. Any amount of tax revenue distributed under this subsection to a fire department, volunteer fire department, or emergency medical services provider shall be distributed before the remainder of the tax revenue is distributed under subsection (f).

As added by P.L.224-2007, SEC.84. Amended by P.L.146-2008, SEC.342; P.L.172-2011, SEC.77; P.L.132-2012, SEC.4; P.L.137-2012, SEC.86; P.L.13-2013, SEC.25; P.L.261-2013, SEC.23.

IC 6-3.5-6-32

Rate for property tax relief

Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to taxpayers in the

county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five-hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, not more than ten (10) days after the vote, the county auditor shall send a certified copy of the ordinance to the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year. A county income tax council may not adopt an ordinance determining that tax revenue shall be used under this subdivision to provide local property tax replacement credits at a uniform rate to all taxpayers in the county unless the county council has done the following:

(A) Made available to the public the county council's best estimate of the amount of property tax replacement credits to be provided under this subdivision to homesteads, other residential property, commercial property, industrial property, and agricultural property.

(B) Adopted a resolution or other statement acknowledging that some taxpayers in the county that do not pay the tax rate under this section will receive a property tax replacement credit that is funded with tax revenue from the tax rate under this section.

(2) The tax revenue may be used to uniformly increase (before January 1, 2011) or uniformly provide (after December 31, 2010) the homestead credit percentage in the county. The homestead credits shall be treated for all purposes as property

tax levies. The homestead credits do not reduce the basis for determining any state homestead credit. The homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The county auditor shall determine the homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide homestead credits in that year.

(3) The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4 before January 1, 2009, and as defined in section 1 of this chapter after December 31, 2008) in the county. The local property tax replacement credits shall be treated for all purposes as property tax levies. The county auditor shall determine the local property tax replacement credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide local property tax replacement credits in that year.

(4) This subdivision applies only to Lake County. The Lake County council may adopt an ordinance providing that the tax revenue from the tax rate under this section is used for any of the following:

(A) To reduce all property tax levies imposed by the county by the granting of property tax replacement credits against those property tax levies.

(B) To provide local property tax replacement credits in Lake County in the following manner:

(i) The tax revenue under this section that is collected from taxpayers within a particular municipality in Lake County (as determined by the department based on the department's best estimate) shall be used only to provide a local property tax credit against property taxes imposed by that municipality.

(ii) The tax revenue under this section that is collected from taxpayers within the unincorporated area of Lake County (as determined by the department) shall be used only to provide a local property tax credit against property taxes imposed by the county. The local property tax credit for the unincorporated area of Lake County shall be available only to those taxpayers within the unincorporated area of the county.

(C) To provide property tax credits in the following manner:

(i) Sixty percent (60%) of the tax revenue under this section shall be used as provided in clause (B).

(ii) Forty percent (40%) of the tax revenue under this section shall be used to provide property tax replacement credits against property tax levies of the county and each township and municipality in the county. The percentage of the tax revenue distributed under this item that shall be

used as credits against the county's levies or against a particular township's or municipality's levies is equal to the percentage determined by dividing the population of the county, township, or municipality by the sum of the total population of the county, each township in the county, and each municipality in the county.

The Lake County council shall determine whether the credits under clause (A), (B), or (C) shall be provided to homesteads, to all qualified residential property, or to all taxpayers. The department of local government finance, with the assistance of the budget agency, shall certify to the county auditor and the fiscal body of the county and each township and municipality in the county the amount of property tax credits under this subdivision. Except as provided in subsection (g), the tax revenue under this section that is used to provide credits under this subdivision shall be treated for all purposes as property tax levies.

The county income tax council may adopt an ordinance changing the purposes for which tax revenue attributable to a tax rate under this section shall be used in the following year.

(g) The tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter;
- (2) the maximum permissible property tax levy under IC 6-1.1-18.5-3; or
- (3) the credit under IC 6-1.1-20.6.

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies. To the extent the county auditor determines that there is income tax revenue remaining from the tax under this section after providing the property tax replacement, the excess shall be credited to a dedicated county account and may be used only for property tax replacement under this section in subsequent years.

(i) The department of local government finance, and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the tax rate under this section. *As added by P.L.224-2007, SEC.85. Amended by P.L.146-2008, SEC.343; P.L.113-2010, SEC.65; P.L.172-2011, SEC.78; P.L.137-2012, SEC.87; P.L.261-2013, SEC.24.*

IC 6-3.5-6-33

Monroe County; additional rate for operation and maintenance of

juvenile detention center and other juvenile services facilities

Sec. 33. (a) This section applies only to Monroe County.

(b) Maintaining low property tax rates is essential to economic development, and the use of county option income tax revenues as provided in this chapter and as needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities to provide juvenile services, rather than the use of property taxes, promotes that purpose.

(c) In addition to the rates permitted by sections 8 and 9 of this chapter, the county fiscal body may impose an additional county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of resident county taxpayers if the county fiscal body makes the finding and determination set forth in subsection (d). Section 8(e) of this chapter applies to the application of the additional rate to nonresident taxpayers.

(d) In order to impose the county option income tax as provided in this section, the county fiscal body must adopt an ordinance:

- (1) finding and determining that revenues from the county option income tax are needed in the county to fund the operation and maintenance of a juvenile detention center and other facilities necessary to provide juvenile services; and
- (2) agreeing to freeze for the term in which an ordinance is in effect under this section the part of any property tax levy imposed in the county for the operation of the juvenile detention center and other facilities covered by the ordinance at the rate imposed in the year preceding the year in which a full year of additional county option income tax is certified for distribution to the county under this section.

(e) If the county fiscal body makes a determination under subsection (d), the county fiscal body may adopt a tax rate under subsection (c). Subject to the limitations in subsection (c), the county fiscal body may amend an ordinance adopted under this section to increase, decrease, or rescind the additional tax rate imposed under this section. Not more than ten (10) days after the vote, the county fiscal body shall send a certified copy of the ordinance to the county auditor, the commissioner of the department, the director of the budget agency, and the commissioner of the department of local government finance in an electronic format approved by the director of the budget agency.

(f) The county treasurer shall establish a county juvenile detention center revenue fund to be used only for the purposes described in this section. County option income tax revenues derived from the tax rate imposed under this section shall be deposited in the county juvenile detention center revenue fund before a certified distribution is made under section 18 of this chapter.

(g) County option income tax revenues derived from the tax rate imposed under this section:

- (1) may be used only for the purposes described in this section; and

(2) may not be considered by the department of local government finance in determining the county's maximum permissible property tax levy limit under IC 6-1.1-18.5.

(h) The department of local government finance shall enforce an agreement made under subsection (d)(2).

(i) The budget agency shall adjust the certified distribution of a county to provide for an increased distribution of taxes in the immediately following calendar year after the county adopts an increased tax rate under this section and in each calendar year thereafter. The budget agency shall provide for a full transition to certification of distributions as provided in section 17(a)(1) through 17(a)(2) of this chapter in the manner provided in section 17(c) of this chapter.

As added by P.L.224-2007, SEC.86. Amended by P.L.182-2009(ss), SEC.226; P.L.77-2011, SEC.23; P.L.137-2012, SEC.88; P.L.261-2013, SEC.25.

IC 6-3.5-6-34

Applicability of tax rate in a township opting-in to a public transportation project

Sec. 34. Notwithstanding any other law, if an additional tax rate imposed under section 30(t) of this chapter is required by IC 8-25-6-10, the additional tax rate applies only to the county taxpayers who reside in a township in which the voters approve a local public question held under IC 8-25-6.

As added by P.L.153-2014, SEC.11.